



Bryce Yokomizo  
Director

May 28, 2003

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **ELECTRONIC BENEFIT TRANSFER (EBT) - ISSUE OF BANKS PROVIDING SURCHARGE-FREE ACCESS**

This is to provide a final report to you on the issue of banks providing surcharge-free access for the County's cash aid participants.

On February 27, 2003, we met with representatives from the Bank of America, Wells Fargo, US Bank, Union Bank, Washington Mutual, and Citicorp, presenting compelling reasons for the banks to offer surcharge-free access to our participants.

On March 27, 2003, I reported to you that while none of the banks had made a commitment at the meeting, it was agreed that they would provide a response within 30 days. Since April 1, 2003, my staff has been following up with bank representatives to determine their willingness to provide surcharge-free access, the results of which follow:

- Bank of America will not change their surcharge policy for EBT because they believe that waiving surcharges would be a disincentive to mainstreaming clients into the banking system.
- Wells Fargo will not change its policy to surcharge EBT participants.
- US Bank will not change its policy to surcharge EBT participants.
- Union Bank was willing to consider a proposal to provide six months of surcharge free access only if other major banks participated. Since none of the other major banks are changing their surcharge policy, Union Bank will not change their policy.

We did not follow up with Citicorp or Washington Mutual because they already provide surcharge-free access to EBT participants. In addition, World Savings just signed up for EBT, agreeing to provide surcharge-free access to EBT participants.

Although the outcome of our local outreach to the County's large banks was disappointing, there are other efforts going on in this arena at the highest levels within the State and by the California Welfare Directors' Association. Therefore, we remain hopeful that we may see progress on this issue in the near future.

In the interim, we are beginning an aggressive Direct Deposit campaign. Right now, 3.3% of Los Angeles County's cash aid participants participate in Direct Deposit. However, as Los Angeles County offers a potential pool of over 200,000 new customers for banks, each of the banks we met with expressed an interest in partnering with us to tap into this potential customer base. This is a win-win effort - good for our participants, good for the County, and good for the banks. Therefore, my staff will:

- Meet with the major banks in the County to develop a joint program to introduce cash participants to direct deposit and other bank services.
- Work with community partners to assist with financial literacy services.
- Work with banks to identify obstacles (e.g., SSN issues, bad check history, etc), and to propose solutions to the obstacles.

I will report back to you on the progress of our Direct Deposit campaign in my next quarterly Direct Deposit report to you in July 2003. I will also inform you if there is any change in banks' policy on surcharging EBT participants.

BY:mq

c: Executive Officer, Board of Supervisors  
Chief Administrative Officer  
Auditor-Controller  
County Counsel